RULES
OF
TENNESSEE DEPARTMENT OF HUMAN SERVICES
TENNESSEE BUSINESS ENTERPRISES

CHAPTER 1240-6-7
VENDING MACHINE INCOME ON FEDERAL PROPERTY

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1240-6-7-.01 DISTRIBUTION OF VENDING MACHINE INCOME

(1) In the event that a licensed manager is assigned to a facility on Federal Property and is in competition with vending machines which are not a part of the facility but which are under the dominion and control of Federal Property Management, the agency shall receive one hundred percent (100%), fifty percent (50%) or thirty percent (30%) of the commissions generated by the machines, depending upon the degree of competition determined to exist pursuant to 34 CFR 395.32.

(2) The agency shall remit to the licensed manager at least once a quarter, all commissions received from property management up to the annual average net proceeds of all licensed vendors in the nation or the annual average net proceeds of all licensed vendors in the State of Tennessee, whichever is less. In no event shall the licensed manager receive less income than he/she did prior to January 1, 1974, as a result of the limitation referred to above as mandated by 34 CFR 395.8.

(3) Any remittances received by the licensed manager from the agency under this section is subject to set-aside assessment.

Authority: *TCA §§4-5-201 et seq., 14-14-404(c), 71-1-105(12), 71-4-604(c); 34 CFR 395, 395.8(a) and (b).* ***Administrative History:*** *Original rule filed August 30, 1978; effective November 29, 1978. Amendment filed June 9, 1981; effective August 18, 1981. Amendment filed May 25, 1983; effective June 24, 1983. Amendment filed December 11, 1986; effective January 25, 1987. Repeal and new rule filed April 27, 1998; effective August 28, 1998.*

1240-6-7-.02 UNASSIGNED FUNDS.

(1) After the agency has met its obligations to the licensed manager under the preceding rule, the agency retains the excess income. If there is no licensed manager on a particular federal property, and the agency receives vending machine income from that Federal Property Management in control of said premises, the agency retains all of those funds. Additionally, a minimum of fifty (50) percent of all vending machine income received which is generated by vending machines on state properties on which there is no on-site manager is also retained by the agency, but will be exclusively dedicated to health insurance contributions and the retirement plan respectively. All vending machine profits herein referred to are deposited in an interest bearing account known as the "Unassigned Funds".

(2) Unassigned Funds may be used only for certain designated purposes and only then if a majority vote of all licensed permanently assigned managers determines that the available money should be used for one or more of the following:

(a) health insurance contributions;

(b) establishment and maintenance of a retirement plan;

(c) paid sick leave; or

(Rule 1240-6-7-.02 continued)

(d) paid vacation time.

(3) If that portion of federal funds constituting a part of the unassigned account is not necessary for these purposes, then it shall be used for one or more of the set-aside purposes, including the assurance of a fair minimum return to managers, and the set-aside assessment shall be reduced on a pro rata basis to all managers in an amount equal to the total remaining funds in the unassigned account, excluding the vending machine income received from vending machines located on state properties.

Authority: *TCA §§4-5-201 et seq., 14-14-404(c), 71-1-105(12), 71-4-604(c); 34 CFR 395.8(a).* ***Administrative History:*** *Original rule filed August 30, 1978; effective November 29, 1978. Amendment filed May 25, 1983; effective June 24,1983. Repeal and new rule filed April 27, 1998; effective August 28, 1998.*